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November 3, 2004

IN REGULATORY AUTHORITY
DOCKET ROOM

Chairman Pat Miller
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee

RE: TRA Staff Data Request Regarding BellSouth Tariff
TRA No. 2004-1259 | *Docket 04-00380*

Dear Chairman Miller:

This is in response to the TRA Staff's data request, dated October 28, 2004, on BellSouth's Tariff to introduce Transit Traffic Service, TRA No. 2004-1259. Responses are as follows:

1. From a technical standpoint, explain in detail how wireless-to-wireless local traffic, wireline-to-wireless local traffic and wireline-to-wireline local traffic currently transits BellSouth's network.

Response:

Once any carrier (wireless or wireline) establishes interconnection with BellSouth's network, that carrier configures their network to route their traffic to BellSouth's network. This carrier may route originated local traffic going to a third party to BellSouth's network at their designated point of interconnection with BellSouth. BellSouth's tandem switches use the dialed NPA-NXX to determine the appropriate routing for that local call, according to information contained in the Local Exchange Routing Guide. BellSouth may utilize one or more tandem switches and transport facilities to route the local call from the BellSouth point of interconnection with the originating carrier to the BellSouth point of interconnection with the terminating carrier, where the local call is handed off to that carrier for termination.

2. If none of the local traffic identified in item one (above) currently transits BellSouth's network, explain technically how such calls are completed.

Response:

The response in Item 1 addressed how carriers may interconnect with BellSouth in order to route local traffic to each other through BellSouth's network. However, carriers have other options for exchanging local traffic. Under the first option, two other carriers may establish direct interconnection with each other and provision trunking facilities that directly connect their networks together. In this situation, these carriers would route local traffic directly to each other instead of routing the local traffic through BellSouth's network. Under a second option, two carriers could choose to connect with third party tandem provider other than BellSouth. In this scenario, local traffic between the two carriers would route through the third party's tandem network in a fashion similar to that described in the response to Item 1. It would be reasonable to assume that the third party tandem provider would receive some compensation from the parties for providing this local tandem service.

3. Upon implementation of the transit service tariff, will carriers have to subscribe to transit service in order to utilize BellSouth's network for completing local traffic as described in item one (above)? Please explain.

Response:

As set forth in the tariff, those carriers who have agreements with BellSouth addressing local transit traffic will continue to operate under these agreements with no impact by the new tariff. Once the tariff is approved, any carrier, without such an agreement, passing to BellSouth local traffic that is destined for a third party carrier will incur a transit charge for this traffic as set forth in the tariff and will not be required to take any further action to ensure that the call is delivered. Again, carriers that have an interconnection agreement with BellSouth that covers this local transit traffic will not be affected by the tariff.

Upon approval of the tariff, by sending local traffic through BellSouth's network, carriers are accepting the responsibility for this charge. Of course, any carrier who wishes to utilize BellSouth's local transit services may enter into a separate agreement with BellSouth for the delivery of local transit traffic. In addition, that carrier may choose either to connect directly to the terminating carrier or utilize another carrier's transit services.

4. If local traffic identified in item one (above) currently transits BellSouth's network, please identify the specific charge that BellSouth currently assesses to rural LECs, CLECs and CMRS Providers who do not have an existing interconnection agreement with BellSouth for such traffic.

Response:

To BellSouth's knowledge, all CLECs and CMRS providers who are operating in Tennessee and who are interconnected directly with BellSouth have agreements that provide rates, terms and conditions for local transit services, and in such instances, those agreements will continue to govern rather than the tariff.

Although BellSouth currently has agreements with all TN rural LECs, those agreements were entered into prior to the 1996 Telecommunications Act and they do not contemplate local transit traffic, primarily because the volume of this traffic was very low. However, the volume of local transit traffic has increased with the growth of local competition. Thus, even though rural LECs are sending local traffic to BellSouth today for termination to third parties, the rural LECs are not compensating BellSouth for this service since their agreements with BellSouth do not contain local transit service rates, terms or conditions. Upon approval of the tariff, rural LECs would pay the charges set forth in the tariff unless and until such LECs negotiate a separate agreement for transit service with BellSouth.

BellSouth's tariff, if approved, will apply to any carrier who (1) is directly or indirectly interconnected with BellSouth, (2) sends local transit traffic to BellSouth's network for delivery to a third party, and (3) does not have an agreement with BellSouth that provides for transit service. Absent such tariff, these carriers are able to utilize BellSouth's network for the delivery of their local transit traffic without compensating BellSouth.

5. If transit service were determined by the Authority to be a rate increase for an existing service, provide the price cap calculations and the associated revenue increase that would result from the transit tariff.

Response:

Prior to the Telecommunications Act of 1996, BellSouth's network had the inherent capability to route transit traffic between two other service providers, and BellSouth is not blocking this capability. However, this capability was not identified or offered as a specific service. Subsequent to the Telecommunications Act of 1996, BellSouth has addressed the transit traffic capability as part of its wholesale relationship with carriers who are interconnected with BellSouth for the exchange of local traffic. Such wholesale terms are not covered under BellSouth's Price Regulation Plan, which only governs retail services. (Transit service has never been offered to retail end users, and this tariff does not change that.) With this tariff, for the first time, BellSouth is establishing a tariffed transit service – available without a wholesale agreement – to carriers.

For the reasons discussed above, BellSouth believes that treatment of the transit service as a rate increase for an existing service would be incorrect. Moreover, given that local transit traffic service has never been a tariffed offering and has never been tracked as such, it would be extremely difficult, if not impossible, to develop price regulation plan calculations treating this tariff as a rate increase. Finally, any projections of proposed revenue expected from this tariff would be highly speculative because any company that might currently be subject to this tariff has several alternatives (discussed in the response to Item 2) that would enable it to avoid charges under this tariff altogether. A company could negotiate an agreement with BellSouth for the provision of local transit services, companies may interconnect directly, thereby bypassing BellSouth's network completely, or a company could use services of an alternate service provider, again bypassing BellSouth's network.

6. Under BellSouth's position that transit service is new, please explain in detail how revenues generated from transit traffic will be reflected in future price cap calculations. Please indicate how the reference revenue and proposed revenue for transit traffic would be calculated in the price cap calculations. Also, please provide the amount of revenue (actual or estimate) that BellSouth's transit service will generate annually.

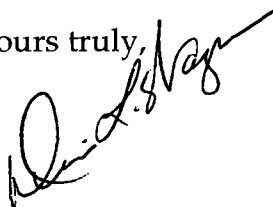
Chairman Pat Miller
November 3, 2004
Page 5

Response:

BellSouth will track and report revenue from this proposed local transit traffic service as it would with any other new tariffed service. Reference revenue and proposed revenue would be based on minutes of use for local transit traffic. BellSouth has not performed any calculations on reference or proposed revenue and does not anticipate doing so until this tariff becomes effective. As discussed in the response to Item 5, BellSouth has never offered a tariffed service for local transit traffic service, and to the extent that this capability has been offered as part of BellSouth's wholesale relationship with interconnecting carriers, it would be inappropriate to mix wholesale revenues with retail service revenues. Finally, any projections of proposed revenue expected from this tariff would be highly speculative because any company that might currently be subject to this tariff has several alternatives (discussed in the response to Item 2) that would enable it to avoid charges under this tariff altogether. Companies may interconnect directly, thereby bypassing BellSouth's network completely. A company may use services of an alternate service provider, again bypassing BellSouth's network, or a company could negotiate an agreement with BellSouth for the provision of local transit services.

Please contact me or Paul Stinson at 214-3839 if there are any questions

Yours truly,

A handwritten signature in black ink, appearing to read "David S. Stinson", written over the "Yours truly," text.